

MICHIGAN ASSOCIATION OF PROFESSIONAL LANDMEN

P.O. Box 1429 • TRAVERSE CITY, MICHIGAN 49685

December 1, 2015

RE: Comments regarding Senate Bill No. 599

As President for the Michigan Association of Professional Landmen (MAPL), I would like to take this opportunity to voice my concerns and those of our members regarding Senate Bill No. 599.

The MAPL, founded in 1965 and currently numbering over 250 members, is a nonprofit organization dedicated to the promotion and continuing education of land professionals. The MAPL membership consists of individuals responsible for the acquisition, administration and disposition of mineral and surface rights primarily for energy exploration and production companies.

A significant percentage of our membership are independent contractors that represent energy exploration companies ranging in size from the very small (a single geologist) to the very large. As such, many of the costs associated with performing the duties of a land professional are initially incurred by our members. One of these costs includes the fees associated with recording documents that are necessary to allow the energy industry to legally conduct their operations.

As you are aware, Senate Bill No. 599 aims to increase the recording fee for a document from \$14.00 for the first page + \$3.00 for every additional page to a \$35.00 flat-fee that covers the cost for recording the entire document regardless of the number of pages. While this approach may be beneficial for industries that record documents that have more than 8 pages, the energy industry typically records documents that are 1-4 pages long*

The average recording fee for an oil and gas lease, which makes up the majority of the documents recorded by the energy industry, is \$23.00 (\$14 for the first page and \$9 for the additional three pages). The \$35 flat rate is a \$12.00 increase per document. Imagine a company that records 500 leases in a year (which is not untypical) – the fee would go from \$11,500 to \$17,500 and reflect a 52% increase in cost.

Additionally, Senate Bill No. 599 increases the fee for each document that is discharged or assigned from \$3.00 to \$5.00 for each document in excess of 5 documents. Often times a land professional will record an assignment or discharge of leases that may reference hundreds of documents. As such, the fee to record the assignment and eventual discharge will nearly double.

While one may argue that this is just a pass-through cost for most land professionals, in that we eventually bill our clients for the expense, the majority of our clients are small outfits (less than 10 people) and the proposed recording fee increases are one more added cost that makes it ever-more difficult to conduct business. As you are all aware - every penny makes a difference and at some point the accumulative affect of the increased costs to conduct business has the detrimental effect that a client will decide not to move forward with a project because the cost of doing business is too much and as such, one or more of our members will be without a job.

With that being said, land professionals in Michigan recognize the many Register of Deeds Offices throughout the State as our colleagues and partners and we know we can not adequately do our job without their help and professionalism. As such, we support and respect what they do and we want them to succeed. If the Register of Deeds feel that a fee increase is long-overdue, we do not object to that point, but we feel Senate Bill No. 599 is not properly addressing that specific concern.

Rather, the reasoning for this bill, as it has been explained to us, is that it is designed to give mortgages a flat-fee to comply with Federal regulation. If that is the intention, then we suggest Senate Bill No. 599 be limited to mortgages only and there be a separate discussion to address recording fee increases that support the work being done by our Register of Deeds offices.

Keeping this Bill limited to mortgages will have the additional benefit of keeping recording fees at a reasonable rate for individual citizens that file various one-page documents (death certificates, Quit Claim Deeds...)

Respectfully,
Steven N. Rapanos, President – MAPL
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*Oil and Gas related documents and the typical number of pages:

Oil and gas leases – 3-6 pages

Assignment of oil and gas lease – 1page + references in an Exhibit

Discharge of oil and gas lease – 1page + references in an Exhibit

Declaration of pooling - 1-2 pages + references in an Exhibit

Memorandum of oil and gas lease - 1-3 pages

Affidavit of non-production of adverse possession or effort – 1-2 pages

Quit claim deeds and mineral deeds - 1-2 pages

Affidavit of lease extension - 1-3 pages

Correction of description - 1-2 pages

Easements and right-away grants - 1-2 pages

Various Affidavits - 1-3 pages